

SENATE BILL REPORT

SB 5475

As Reported by Senate Committee On:
Early Learning & K-12 Education, February 16, 2011

Title: An act relating to education funding.

Brief Description: Regarding education funding.

Sponsors: Senator Murray; by request of Office of Financial Management.

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/31/11, 2/16/11 [DPS-WM, DNP].

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: That Substitute Senate Bill No. 5475 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators McAuliffe, Chair; Harper, Vice Chair; Eide, Hobbs, Nelson, Rockefeller and Tom.

Minority Report: Do not pass.

Signed by Senators Litzow, Ranking Minority Member; Fain and King.

Staff: Susan Mielke (786-7422)

Background: Under article IX, section 1 of the Washington State Constitution, "It is the paramount duty of the state to make ample provision for the education of all children residing within its borders" The courts have interpreted this to mean that the state must define a program of basic education and amply fund it.

In the 2009-11 biennium, two pieces of legislation were enacted to redefine basic education and restructure the K-12 funding formulas. The first was Engrossed Substitute House Bill 2261 (Chapter 548, Laws of 2009), which expanded the definition of basic education by adding the programs for highly capable students and student transportation to and from school. Additionally, the all-day kindergarten programs that had been phased in since 2007 were made part of basic education with the continued phase-in of the highest poverty schools first. Increases in the number of instructional hours and the minimum number of credits for high school graduation are to be phased-in on a schedule set by the Legislature. The

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framework for a new K-12 funding allocation formula based on prototypical schools was also created. These changes are to take effect September 1, 2011. Additionally three working groups were created to make recommendations to the Legislature: the funding formula technical working group; the local funding technical working group; and the compensation technical working group. The funding formula technical working group submitted recommendations on the details of the new prototypical schools funding formula and a phase-in of increases in program and funding December 1, 2009. The local funding technical working group is to develop a new system of supplemental school funding through local levies and levy equalization and recommend a phase-in to ensure no district suffers a decrease in funding from one school year to the next due to the new system of supplemental funding. The report is due by June 30, 2011. The compensation technical working group is to begin July 1, 2011, the process of developing an enhanced salary allocation model that is collaboratively designed and recommend details of such a model that aligns educator development and certification with compensation. The initial report is due by June 30, 2012, and must include recommendations for whether additional work of the group is necessary.

The second bill, Substitute House Bill 2776 (Chapter 236, Laws of 2010) enacted in statute the new prototypical school allocation formulas at funding levels that represent the 2009-10 school year state spending on basic education. The bill also established a timeline, effective September 1, 2011, for phasing in enhancements to the program of basic education and its funding levels as follows:

- The instructional program for highly capable students as part of basic education and the enhancements to support the program with a statewide average of 2.15 hours of extra instruction per week and a class size of 15 highly capable students becomes effective September 1, 2011.
- During the 2011-13 biennium and beginning with the schools with the highest poverty students, the K-3 class size must be reduced to 17 students per teacher by 2017.
- During the 2011-13 biennium, the minimum allocation for maintenance, supplies, and operating costs (MSOC) must be increased as specified in the Omnibus Appropriations Act until specific amounts are provided in the 2015-16 school year.
- During the 2011-13 biennium, funding for all-day kindergarten must continue to be phased-in each year until full statewide implementation is achieved in the 2017-18 school year.

Summary of Bill (Recommended Substitute): The stated intent of the Legislature is for the recommendations of the technical working groups established in Engrossed Substitute House Bill 2261 (Chapter 548, Laws of 2009) is to provide informed guidance to the Legislature including phase-in recommendations, and that having a comprehensive set of recommendations from all of the working groups better enables the Legislature to identify common priorities and develop a reasonable and rational implementation plan that uses all of the information available, not just the early information.

All start and end dates for phasing-in the basic education expanded definition and funding enhancements are removed and additional language is provided that the phase-in will be according to an implementation schedule adopted by the Legislature. The compensation working group must include a recommendation as to whether Initiative 732 should be removed as separate funding but folded into the basic education allocations.

The Quality Education Council (QEC) must synthesize all the workgroup recommendations by January 1, 2013, and develop a concurrent phase-in schedule for the Legislature to fully implement the changes to the instructional program of basic education and the enhancements of the funding formulas.

The workgroups and reports are:

- the funding formula technical working group;
- the local funding technical working group;
- the compensation technical working group;
- the highly capable program technical working group;
- the learning assistance program technical working group;
- the transitional bilingual instruction program technical working group;
- the high school graduation proposal of the State Board of Education; and
- the capacity report of the Office of Superintendent of Public Instruction.

The QEC is encouraged to also consider other major policy changes that schools and districts are being required to implement, such as the new common core standards, the new assessments of the common core, the new high school graduation requirements, and the new teacher and principal evaluation pilots.

Beginning September 30, 2013, and in the odd years thereafter, at least 60 percent of new general fund state revenues must be transferred to the education stabilization account to implement the expanded definition and enhancements to basic education passed by the Legislature in 2009.

EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (Recommended Substitute): A new intent section provides that the Legislature's intent for the working groups established in Engrossed Substitute House Bill 2261 (Chapter 548, Laws of 2009) was for each group's recommendations to provide informed guidance to the Legislature and recommendations for a phase-in plan, and that having a comprehensive set of recommendations from all of the working groups better enables the Legislature to identify common priorities and develop a reasonable and rational implementation plan that uses all of the information available, not just the early information.

All start and end dates for phasing-in of the basic education expanded definition and funding enhancements are removed and additional language is provided that phase-in will be according to an implementation schedule adopted by the Legislature. The language that all-day kindergarten is specifically not to be considered as basic education until statewide implementation is achieved is removed. The compensation working group must include a recommendation as to whether Initiative 732 funding should remain separate or be folded into the basic education allocations.

The QEC must synthesize all the workgroup recommendations by January 1, 2013, and develop a concurrent phase-in schedule for the Legislature to fully implement the changes to the instructional program of basic education and the enhancements of the funding formulas.

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Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Sections 3 through 7 take effect September 1, 2011. Sections 8 and 9 take effect immediately.

Staff Summary of Public Testimony on Original Bill: PRO: These are changes that are required to implement the budget reductions. These are the choices that the Governor chose, and we will be glad to be a resource as you work through making your choices.

CON: We oppose any delay in implementing the new definition of basic education and the funding enhancements promised by the Legislature in the last two sessions. Passing SB 5475 would slow much of the momentum we've been building for two years to a crawl. It also would push costs on to the next biennium, creating not a solution but a funding crunch in the future. What's worse, this is on top of the cuts to education we've had to face during the past two years, and it's on top of the cuts we're going to face for the next two years. The cuts aren't just numbers – they represent a bleaker future for individual students and an entire generation of our kids. This bill represents the Governor's choice of things to be suspended. She chose not to suspend transportation enhancements. You need to take the time to have a thorough discussion about how to prioritize the enhancements – you may choose to do things differently than the Governor – you may instead choose to restore the things that have been and are again being cut, such as Initiative 728 and Initiative 732, instead of funding enhancements. We specifically oppose any delay in including the program for highly capable students in the definition of basic education. Public education should address the full spectrum of students but currently some districts do not have a program. Highly capable students become disengaged in their education. These students withdraw or disrupt when

they are not challenged early. Economically it makes sense to support these talented students who will grow up to be the talent of our state and draw talent to the state. You should not identify a group of students who have needs and then exclude them from definition of basic education.

OTHER: The economy is horrible but this bill steps back from the new basic education definition. You need to seriously think about the steps that need to be taken to move the phase-in forward and carry out the promise to students. The things to be phased in are our priorities and should be yours. If possible keep a little bit of money in all of them.

Persons Testifying: PRO: Jim Crawford, Office of Financial Management.

CON: Randy Dorn, State Superintendent; Dave Berg, Academic Booster Club of Puyallup; Janis Traven, Garfield High School; Dr. Robert Vaughan, Ph.D, Seattle Public Schools; Robert Silber, Shoreline School District; Randy Parr, Washington Education Assn.; Hannah Lidman, League of Education Voters; Gerald Brennan, Ann Auman, Lannette Sargent, Joy Westberg, Robert Silber, parents; Marie Sullivan, Washington State School Directors' Assn.

OTHER: Ramona Hattendorf, Washington State Parent/Teacher Assn.; Marie Sullivan, Washington State School Director's Assn.; Brad Burnham, State Board of Education.